

# GOVERNANCE AUDIT RECOMMENDATION UPDATE REPORT

October 30, 2017



## **INTRODUCTION**

In March 2017, George B. Cuff & Associates Ltd. was contracted by the City of Lloydminster to undertake a Governance Audit.

At the April 10<sup>th</sup>, 2017 regular Meeting of Council, Council accepted in principle the George B. Cuff & Associates Ltd. Governance Audit Final Report. The Audit Report contained sixteen (16) recommendations to be considered by Council.

On April 17<sup>th</sup>, 2017 Council appointed an Interim City Manager, Rick McDonald, to oversee the administration of the City and to assist Council with reviewing the recommendations of the Audit Report with the goal to streamline all administrative processes to ensure Lloydminster residents are receiving optimal value in City services.

### **Governance Audit Recommendation No. 1**

*"We recommend that Council address our confidential advice on personnel matters as conveyed in the memo distributed to all members of Council."*

Council announced on March 30<sup>th</sup>, 2017 that it had ended the employment contract of the City Manager, Glenn Carroll. The City stated recommendations resulting from a recent third-party audit played a part in City Council's decision.

### **Governance Audit Recommendation No. 2**

*"We recommend that Council adopt this Report "in principle" as a first step. This puts the matter on the table for Council's consideration."*

At the April 10<sup>th</sup>, 2017 regular Meeting of Council, Council accepted in principle the George B. Cuff & Associates Ltd. Governance Audit Final Report (Motion No. 137-2017). The Audit Report contained sixteen (16) recommendations to be considered by Council.

### **Governance Audit Recommendation No. 3**

*"We recommend that as a housekeeping matter that the title of the chief administrative officer be standardized as "City Manager" and that the necessary changes be made to any City official documents and contract as soon as possible."*

At the regular Meeting of Council on September 25<sup>th</sup>, 2017, Council granted the Third Reading of Bylaw 23-2017 - The City Commissioner Bylaw. The Commissioner Bylaw 23-2017 states: "Council hereby establishes the Office of Commissioner and the individual appointed to that position will have the title "City Manager", unless otherwise specified by resolution of Council."

All necessary documentation has been updated to replace the title of "Chief Administrative Officer" with "City Manager".

#### **Governance Audit Recommendation No. 4**

*"We recommend that the role statements as included in our Report and as attached be adopted "in principle" and utilized in any subsequent orientations for new members of Council and administration."*

The Governance Audit Final Report, including the Role Statements, was adopted in principle by Council at the April 10<sup>th</sup>, 2017 regular Meeting of Council. The Administration is in the process of preparing a new "Councillor Orientation Policy" that will include the role statements.

#### **Governance Audit Recommendation No. 5**

*"We recommend that Council authorize an in-depth audit of the City's actions and decisions over the period of 2010-17 relative to:*

- *Senior management expense accounts*
- *City expenditures authorized without Council approval through the annual budget process or by Council motion approving individual financial decisions*
- *Human resource decisions impacting the hiring and promotion of personnel, payment of relocation costs, sole source contracts, policy governing the same (and whether or not those were either in place or followed)."*

At the June 26<sup>th</sup>, 2017 regular Meeting of Council the Motion 202-2017 was passed to proceed with this recommendation as follows:

1. In accordance with the recommendations of the organizational and governance review report of George B. Cuff and Associates Ltd., the Interim Chief Administrative Officer, and the City's Legal counsel, through its solicitors Reynolds Mirth Richards and Farmer LLP, the services of a forensic auditor be engaged to audit the City's records regarding the expenses, and the actions and decisions related to the expenses, of Council (Councillors and Mayor), management and others as may be required, for the period of January 1, 2009 to June 30, 2017, or such other past or future dates as may be necessary for the satisfactory forensic audit of the expenses and the actions and decisions related thereto;
2. As deemed necessary for conducting and completing the audit, the forensic auditor may review any and all their City records as may be required;
3. All steps and actions as may be necessary to give effect to this Resolution may be taken; and
4. The rights of the City related to all matters be protected and preserved.

## **Governance Audit Recommendation No. 6**

*“We recommend that the new Council host a “meet & greet” with all members of the administration so as to present the new face of Council to its organization. We recommend that any current protocol(s) dealing with the interface between Council members and individual staff on a casual basis be clarified.”*

A Meet & Greet Lunch BBQ was held with Council Members and City of Lloydminster employees at the Lloydminster Golf and Curling Centre on May 29<sup>th</sup>, 2017. Furthermore, discussions regarding dealing with the interface between Council and staff have been communicated by the City Manager and Chief of Staff to all employees.

## **Governance Audit Recommendation No. 7**

*“We recommend that the organization structure be reviewed in depth and assessed as to the management/staff ratio and whether or not a revised structure would enable to City to function in an effective and efficient manner.”*

Update to Council was provided at the July 17<sup>th</sup>, 2017 regular Meeting of Council.

The City Manager, together with the Executive Team, reviewed all positions within the City of Lloydminster and determined an update to the functional structure and position classifications was required.

The Governance Audit made significant recommendations relative to the governance model including the need to review the seemingly heavily weighted management oversight. After review, a new executive and senior management team have been established with a reduction in both numbers of managers and classification of managers.

The City reduced the Executive Team by two and re-designated the executive positions to meet the needs and required oversight of the City administration and operations. Key to this adjustment was the creation of a smaller more robust executive team to serve Council and guide the administration’s strategic direction. The Executive Team focuses on strategic planning, policy development, implementation of protocols and through outcomes and performance-based approach provide leadership for the delivery of programs and service.

The Executive Leadership Team (ELT) is creating an environment that empowers management and staff at all levels to perform their work in a professional and collegial manner. The ELT will ensure that management and staff have, or are provided with the necessary resources and support through training and mentoring to deliver the outcomes desired by Council and administration. The ELT will guide the organization through comprehensive directives and policies, and management will be supported in provision of appropriate oversight and trained to ensure the outcomes and performance of programs and services are being achieved.

The Senior Manager Team will be accountable to the Executive Leadership Team and provide operational and administrative leadership, management and oversight for the delivery of all programs and services.

A major executive decision made regarding the new organization was the discontinuance of the title "General Manager" (GM). There were, in our opinion, too many GM's with significantly fewer responsibilities than others. It was felt that the GM title did not adequately represent the role in many cases. The Executive determined that the layers of management would be Directors who will have a significant supervisory responsibility. Managers and at times Senior Managers will be appointed depending on the degree of supervisory responsibility or complexity of the functions beneath these roles. Any management level may report to a more senior supervisor. A hierarchical approach to management is not necessary in many cases. For example, a manager can report to the Executive Manager or a Sr. Manager as the case dictates.

In addition to the update provided to Council during the July 17<sup>th</sup>, 2017 regular Meeting of Council, Motion 222-2017 was made and approved as follows:

Motion 222-2017

*That Council approves in principle the executive management positions listed below:*

*Executive Positions:*

- *Chief Financial Officer - Vacant*
- *Chief of Staff – Marie Pretty*
- *City Clerk – Doug Rodwell*
- *Executive Manager – Operations - Vacant*
- *Executive Manager – Community Development – Don Stang*

AND

*That Council approves in principle the list of senior executives who will from time-to-time be appointed to act as the City Manager in the City Managers absence:*

- *Chief Financial Officer*
- *Chief of Staff*
- *City Clerk*
- *Executive Manager - Community Development*
- *Executive Manager - Operations*

**Governance Audit Recommendation No. 8**

*"We recommend that the compensation structure (salary grid) be assessed in light of any recommended changes to the organization structure."*

The compensation structure (salary grid) was adjusted in relation to the changes to the organization structure that took place in July 2017. Further detailed review of the salary grid is planned for 2018.

### **Governance Audit Recommendation No. 9**

*“We recommend that the CAO ensure that all reports to Council are fully vetted by the CAO and that any perceived policy changes or impacts are properly flagged for Council’s attention.”*

All Requests for Decision (RFD’s) or GPC Information Reports (IR’s) are reviewed and approved by the City Manager. The City Manager has the option to return for further information; approve with comments; or approval report as is.

### **Governance Audit Recommendation No. 10**

*“We recommend that Council adopt an “Agendas Committee” as part of the new approach to governance and in line with the proposed “Governance and Priorities Committee”.*

The Agenda Review Committee is an internal committee that reviews potential agenda items to ensure that these are appropriate for Inclusion on a Council and/or Governance and Priorities Committee agenda. The Agenda Review Committee is comprised of the Mayor, Deputy Mayor, City Manager, City Clerk, Executive Coordinator and support staff who are engaged in preparing the agenda package.

### **Governance Audit Recommendation No. 11 & 12**

*11 - “We recommend that Council adopt “in principle” the governance model (the Governance and Priorities Committee--GPC) system as designed and explained and review its effectiveness over the subsequent six months.”*

*12 – “We recommend that Council implement this new model in April 2017.”*

During the April 24<sup>th</sup>, 2017 regular Council Meeting the Motion No 148-2017 “Amendment to 2017 Meeting Schedule” was presented and carried. This allowed for 1 Governance and Priorities Committee (GPC) Meeting and 2 Regular Meetings of Council per month.

Implementing the GPC model provided City Council an enhanced opportunity to review and discuss emerging matters and enabled Mayor and Council to review and discuss new initiatives with members of Administration before items are added to the agenda for future City Council meetings. GPC model also supports enhanced the opportunity for Lloydminster residents to engage in the municipal process as the essence of a GPC model is to provide a forum for productive discussion and debate, rather than decision making.

The first GPC Meeting was held on May 15<sup>th</sup>, 2017, and has continued monthly since then.

**Governance Audit Recommendation No. 13**

*“We recommend that the governance “principles” (Appendix B) be adopted in principle and be used to guide Council’s governance model.”*

The “governance principles” were used as a guide for the development of the Governance and Priorities Committee model that the City of Lloydminster has proceeded with.

**Governance Audit Recommendation No. 14**

*“We recommend that Council “governance policies” be developed by the SLT for submission to the Governance and Priorities Committee (GPC) and any recommended changes be presented to a regular meeting of Council within 3 months.”*

The Executive Leadership Team has been working with Legislative Services to develop all necessary governance policies. A number of policies have been provided to GPC and many have been followed up with approval by Council.

**Governance Audit Recommendation No. 15**

*“We recommend that the Request for Decision format (Appendix E) be reviewed by Council and administration and assessed as to its potential merger with the format currently in use.”*

Request for Decision (RFD) has been implemented for all Council Meetings. Information Report (IR) has been implemented for all Governance and Priorities Meetings.

**Governance Audit Recommendation No. 16**

*“We recommend that a comprehensive and revised approach to CAO evaluation be developed and adopted by Council.”*

The newly updated “City Commissioner Bylaw” mandates that Council perform an annual performance review on City Manager - “4.7. The Commissioner shall be subject to an Annual Performance Review and from time to time as determined by Council.”